

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 21, 2019

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2019-00067

COVENTRY HEALTH CARE  
OF VIRGINIA, INC.,  
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination conducted by the Bureau of Insurance ("Bureau"), it is alleged that Coventry Health Care of Virginia, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated §§ 38.2-510 A (2), 38.2-510 A (3), 38.2-510 A (5), and 38.2-510 A (14), and 38.2-510 A (15) of the Code of Virginia ("Code") by failing to comply with claim settlement practices; § 38.2-514 B of the Code by failing to make proper disclosures on the explanation of benefits; § 38.2-1812 A of the Code by paying or sharing commissions with an unlicensed agent; § 38.2-1833 A (1) of the Code by failing to file a notice of appointment of an agent with the Commission; § 38.2-1834 D of the Code by failing to notify an agent of the termination of her appointment; § 38.2-3405 B of the Code by failing to comply with the required subrogation provisions; § 38.2-3407.4 B of the Code by failing to accurately and clearly set forth the benefits payable under the contract in the explanation of benefits; §§ 38.2-3407.15 B (1), 38.2-3407.15 B (3), 38.2-3407.15 B (4), 38.2-3407.15 B (7), 38.2-3407.15 B (8), and 38.2-3407.15 B (9) of the Code by failing to comply with ethics and fairness requirements in carrier business practices; §§ 38.2-3407.15:1 B (1), 38.2-3407.15:1 B (2),

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38.2-3407.15:1 B (3), 38.2-3407.15:1 B (4), 38.2-3407.15:1 B (5), 38.2-3407.15:1 B (6), 38.2-3407.15:1 B (7), 38.2-3407.15:1 B (8), 38.2-3407.15:1 B (9), and 38.2-3407.15:1 C of the Code by failing to comply with contract requirements between the Defendant and pharmacy providers; §§ 38.2-3407.15:2 B (1), 38.2-3407.15:2 B (2), 38.2-3407.15:2 B (3), 38.2-3407.15:2 B (4), 38.2-3407.15:2 B (5), 38.2-3407.15:2 B (6), 38.2-3407.15:2 B (7), and 38.2-3407.15:2 B (8) of the Code by failing to comply with contract requirements between the Defendant and a participating health care provider, or its contracting agent, regarding prior authorization; §§ 38.2-3407.15:3 B (1), 38.2-3407.15:3 B (2), 38.2-3407.15:3 B (3), 38.2-3407.15:3 B (4), 38.2-3407.15:3 C (1), 38.2-3407.15:3 C (2), 38.2-3407.15:3 C (3), 38.2-3407.15:3 C (4), and 38.2-3407.15:3 C (5) of the Code by failing to comply with contract and intermediary contract requirements between the Defendant and pharmacy providers regarding disclosure and updating of maximum allowable cost of drugs; § 38.2-4306.1 B of the Code by failing to pay interest on claim proceeds; § 38.2-5804 A of the Code by failing to establish and maintain a complaint system approved by the Commission; §§ 38.2-5805 C (1) and 38.2-5805 C (2) of the Code by failing to include the proper clauses and notices in the provider contracts as required by the Commission; § 38.2-3559 A of the Code by failing to correctly notify covered persons of the right to request an external review; 14 VAC 5-90-20 B of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance ("Rules") 14 VAC 5-90-10 *et seq.*, by failing to establish and at all times maintain a system of control over the content, form and method of dissemination of all advertisements of its policies and 14 VAC 5-90-170 A of the Commission's Rules by failing to maintain all advertisements in a file for the longer of four years or until the filing of the next regular report on examination of the insurer; 14 VAC 5-211-150 A of the Commission's Rules Governing Health Maintenance Organizations by failing to maintain a complaint system and an

internal appeals procedure approved by the Commission; and 14 VAC 5-216-40 E (1) of the Commission's Rules Governing Internal Appeal and External Review by failing to comply with the required notifications for an internal appeal.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has agreed to comply with the corrective action plan outlined in the Bureau's Target Market Conduct Examination Report dated December 31, 2016, has tendered to Virginia the sum of Forty Thousand Eight Hundred Dollars (\$40,800), and has waived the right to a hearing. The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
Lynn Quinn, Senior Compliance Lead, Coventry Health Care of Virginia, Inc., 3033 Honeyeard  
Road, Downingtown, Pennsylvania 19335; and a copy shall be delivered to the Commission's  
Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Julie  
Blauvelt.